

VSB – TECHNICAL UNIVERSITY OF OSTRAVA

FACULTY OF ECONOMICS

DEPARTMENT OF MARKETING AND BUSINESS

Měření spokojenosti zákazníků slevových portalů na britském trhu

Customer Satisfaction Measurement with Online Group-Buying Auctions on the
British Market

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Ostrava 2016

VŠB - Technical University of Ostrava
Faculty of Economics
Department of Marketing and Business

Bachelor Thesis Assignment

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Study Programme: B6208 Economics and Management

Study Branch: 6208R062 Marketing and Business

Title: Customer Satisfaction Measurement with Online Group-Buying
Auctions on the British Market
Měření spokojenosti zákazníků slevových portálů na britském trhu

The thesis language: English

Description:

1. Introduction
 2. Theoretical Basis of Customer Satisfaction Measurement
 3. Characteristics of British Online Group-Buying Auctions
 4. Methodology of Data Collection
 5. Analysis of Research Results
 6. Suggestions and Recommendations
 7. Conclusion
- Reference List
List of Abbreviation
Statement on the Use of the Results of the Diploma Thesis
List of Appendices
Appendices

References:

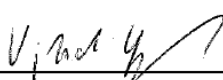
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Extent and terms of a thesis are specified in directions for its elaboration that are opened to the public on the web sites of the faculty.

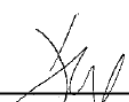
Supervisor: **Ing. Pavlína Pawlasová**

Date of issue: 20.11.2015

Date of submission: 06.05.2016


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Declaration of Independent Elaboration of a Bachelor Thesis

I hereby declare that I have elaborated the entire thesis including annexes myself.

Ostrava dated 10. 6. 2016

A handwritten signature in cursive script, reading "Lucie Redlová", written over a dotted line.

Lucie Redlová

Obsah

1.	Introduction.....	3
2.	Theoretical Basis of Customer Satisfaction Measurement	6
2.1	Customer	6
2.1.1	Typology of Customers.....	6
2.1.2	E-customer	7
2.2	Customer Experience	7
2.2.1	Information Search and Alternative Evaluation Stage	8
2.2.2	Purchase Stage	9
2.2.3	Post-purchase Stage	10
2.3	Online Environment	10
2.4	Satisfaction	10
2.5	E-satisfaction	12
2.6	E-loyalty	12
3.	Characteristics of British Online Group-Buying Auctions.....	13
3.1	Online Group-Buying Market Structure	13
3.1.1	Manner of Purchase	14
3.2	Online Group Buying Model.....	14
3.2.1	C2B Business Model	15
3.2.2	B2T Business Model.....	15
3.2.3	B2B2C Business Model	16
3.3	Formation and Development of Group Buying	17
3.4	Trends.....	18
3.4.1	Social Networks	18
3.4.2	Wireless Mobile Devices	19
3.5	Key Companies at British Online Group Buying Market.....	20
3.5.1	Groupon.....	20
3.5.2	LivingSocial	21
3.5.3	Pricing Strategy of Online Group Buying Sites	22
3.5.4	Dynamic Price Mechanism	22
3.5.5	Fixed Price Mechanism.....	23
4	Methodology of Data Collection	24

4.1 Preparatory Phase	24
4.1.1 Definition of the Goal	24
4.1.2 Data Collection Modes	24
4.1.3 Methods and Styles of Data Collection	25
4.1.4 Hypotheses of Research.....	25
4.1.5 Type of Collected Data	27
4.1.6 Questionnaires	27
4.1.7 Structure of Questionnaire.....	28
4.1.8 Likert Scale.....	29
4.1.9 Timetable.....	30
4.2 The Implementation Phase	31
4.2.1 Sampling Respondents	31
4.2.2 Structure of Respondents.....	31
4.2.3 Pilot Study.....	33
4.2.4 Method of Analysis.....	33
5 Analysis of Research Results	37
5.1 The Most Used OGB Sites.....	37
5.2 Frequency of Purchase	37
5.3 Most Recent Purchased Goods from Groupon	38
5.4 Importance of attributes	39
5.5 Analysis of Hypotheses.....	40
5.6 Hypotheses.....	40
5.6.1 Hypothesis 1	40
5.6.2 Hypothesis 2	42
5.6.3 Hypothesis 3	44
5.6.4 Hypothesis 4	45
5.6.5 Hypothesis 5	46
5.6.6 Hypothesis 6	47
5.6.7 Hypothesis 7	49
5.6.8 Hypothesis 8	50
5.6.9 Hypothesis 9	51
6 Suggestion and Recommendations	53
7 Conclusion	57

1. Introduction

Nowadays, internet is used everywhere in almost every sector of our lives. People are getting used to all services, entertainment, convenience, shopping and many other activities which can be done online. The importance and popularity of internet in daily life is supported by increasing number of people who own any wireless devices which they can connect to internet with. In recent years the most popular devices for connecting to internet are smart phones and tablet computers together with more people who use social media and creating their accounts. Besides all advantages of internet for people, the internet brought many new opportunities together with challenges also for retailers and businesses. People are becoming more confident with online environment and getting used to the fact they can order almost anything online with going through the traditional shopping experience in actual stores.

There have been examined differences between traditional customer and customer online, some studies claim there is not any significant difference, but some studies were able to identify some variance. They identify online customers as those who are more demanding as they know what they expect from online. Online customers are more demanding as they are more aware of their rights and options they have, because they can choose from countless online retailers who offers numerous products. In online environment it is much easier, faster and more convenient for customer to compare prices, services and anything else of all those online retailers and also traditional businesses from their homes. Customers then can based on their information search and evaluation process their own, wise, practical and convenient decision.

Businesses and customers have lost the option of face to face contact, because of the switch from traditional to online environment, but internet as a tool offers substitution for marketing communication to some extent. Internet enables numerous ways of communication among customers and also between customers and retailers, it can be said that without its presence today's society, online marketing communication and online group buying websites could not exist and be successful.

This thesis will be focused on one of previously mentioned components of online environment which is online group buying websites as there has been seen tremendous increase in popularity of those websites in recent years.

Online group buying allows purchasing of certain products or services with deep discounts to people with the same demands without geographical or relationship based barriers (people can reach discount together without knowing or contacting each other) (Mingjie, 2014). There are two offering options provided by online group buying websites. First option is depending on time frame of certain offer and the discount increases with increasing number of buyers. Second option is based on “tipping point” which means that unless predetermined number of participant is met, offered deal will not be valid anymore. In other words, if there will not be enough of participants, no one will get the deal (Liu, 2012).

It is important to mention that principle of group buying was practised many years back already when people realized that they have bigger bargaining power when they purchase in groups. Group buying was practised first in China known as Tuángòu, but first official online group buying website which is main focused of this thesis was established in USA in 2008 called Groupon which became very successful and popular. Launching first online group buying website lead to boom in this market, which resulted in existence of many clones and within two years after this launch there were around four hundred websites of this kind (Liu (2012).

To enter online group buying market is without any significant barriers, which crates very high competition within this market. The most used low price strategy from past is not enough anymore, that is why online group buying managers are still seeking for ways how to differentiate themselves and satisfy their customers. Online customer satisfaction has become one of the most common examined subjects of researchers in last decade (Hu, 2012).

The aim of this thesis is to evaluate different attributes which could lead to online customer satisfaction with online group buying websites on British market. Attributes which will be in focus were inspired by study from China which focused on online shopping in general. Research is based on series of questions about all attributes and then customer satisfaction and level of importance of each of those attributes.

This thesis is divided to numerous sections. First part of this thesis includes topics such as customer satisfaction online and offline, description of customer shopping experience etc. This is followed by second part there is described the market of online group buying

websites, its structure, business models, development of online group buying websites with its trends and examples. This is followed by explanation of pricing strategies. Next section of this thesis focuses on explaining used method for this research and last part is includes analysis of collected data and discussion about findings and future suggestions and recommendations.

2. Theoretical Basis of Customer Satisfaction Measurement

Customer satisfaction is becoming increasingly important and companies (both offline and online) want to know more about it as retailers are aware of its effect on building successful business strategy for their businesses (Gómez, 2004) and overall profitability of company (Bressolles, 2014). Bhattacharjee, A. (2001) claims that customer satisfaction together with perceived usefulness of product or service tends to be significant indicators of customer's future intentions to continue with purchasing at that particular retailer.

Gruca (2005) and Gómez (2004) claim that customer satisfaction has a strong influence on future cash flows, which may influence shareholder's perception of that firm's value and Gómez (2004) adds likelihood of repurchase, favourable word of mouth, differences in marginal revenues and marginal costs as result of enhanced satisfaction.

Although Gruca's (2005) and Gómez (2004) consider cash flows as positive result of customer satisfaction, Anderson, E. W. (1994) mentioned negative relationship between customer's satisfaction and market share. This is explained as small market share is linked with homogenous customer base which is easier to fill up. In contrast with large market share with its diversity and heterogeneity which may cause several problems with satisfying different needs.

Anderson, E. W. (1994) added more outcomes of satisfied customer such as decrease in price elasticities, insulation current customers from competition. Another outcome from satisfaction could be lowering of costs of future transactions, reduce in failure costs and attracting new customers and as last enhancing firm's reputation.

2.1 Customer

2.1.1 Typology of Customers

According to Bhattacharjee A. (2001) who claims that more companies are adopting new strategies focused on a customer's needs. There are five types of customers, and each that will need a different strategy tailored to them if a firm wants to successfully convince them to purchase.

The first group contains the “loyal customer” who is generally fully satisfied, tends to repurchase, come back to the company and is most likely require individual treatment from that supplier. The second group are “discount customers” which will purchase products mostly when there are some discounts announced, because this group tend to buy only low cost products or services. The third group are “impulsive customer” who does not have any specific needs and demands, but companies need to find methods on how to attract them. “Needs based customers” are the fourth type who require education about other interesting options and finally the last group contains “wandering customers.” These compare all products available on the market without having any intensions to purchase. The strategy to attract them is to educate and treat them positively to convince them to show any interest for purchasing (Management Study Guide Privacy Policy, 2016). Based on this theory, in case of online group buying could be derived for this thesis that its customer base may consist of “discount customer” and “impulsive customer”. This basically defines online group buying shopping by which is meant that customers are searching for discounted products or services and acting impulsively as most of those offers are valid for certain time period.

2.1.2 E-customer

Additionally, many customers now use the internet and we have e-customers. In this study online customers are treated very similarly to traditional customers as Ganesh, J. (2010) shows in his study that types of shoppers were common in both online and offline environments. Although other research does suggest that online customers are more demanding with more available information at their disposal and higher well defined expectations (Bhattacharjee (2001), Bagdar (2013)). Choice of treating online customers as traditional customers should not cause any inefficiency as all types of customers discussed in previous section can be found at online group buying customer base as well and two types were even found as possibly typical for online group buying shopping.

2.2 Customer Experience

In last couple of years customers are becoming more heterogonous and individualist, which does not cause success for many businesses as they have been struggling with finding

their differentiation within very competitive market where strategy of the lowest price is not suffice anymore (Bagdare, 2013). As companies understand this situation they directed themselves towards creating more pleasant customer experience which may lead to benefits such as customer satisfaction, loyalty, more visits, profitability and word of mouth (Ranganathan, 2002).

Customer experience can be defined as all attributes which motivate or discourage customer during being in contact with retailer (Ranganathan, 2002), from which can be derived that customer satisfaction can be influenced by any of those attributes at any time.

Ranganathan, C. and Ganapathy, S. (2002) they define shopping experience as a set of consecutive attributes which can motivate or discourage customer at any time. Customer experience was divided into three main stages. Firstly, there is stage of information search and alternatives evaluation, secondly purchasing stage and lastly there is post-purchase stage (Dang (2013), Ofcom (2015), Lin (2007)). As was mentioned each of those stages includes numerous attributes affecting customer.

2.2.1 Information Search and Alternative Evaluation Stage

In first stage of shopping experience are online customers very demanding need for **information quality** (price, product related etc.), so they can easily compare and evaluate all their options. The more comprehensive, clarified and overall better quality information the lower customer's search cost which causes them to be attracted. The importance of information quality for customer satisfaction was discussed in numerous studies (Lin (2007), Roy Dholakia (2010), Bachleda (2014), Ponnusamy (2015), Lin (2011), Ranganathan (2002), Szymanski (2000)).

Information can be disseminated throw **website and its design** became one of the most discussed topic within online environment as it replaces face to face contact to some extent and is required for facilitating online group buying. Attention should be focused on ease of use, user friendliness, website design (layout and appearance) as all of those attributes were found out to have significant influence on customer satisfaction (Lin (2007),

Evanschitzky (2004), Roy Dholakia (2010), Bachleda (2014), Ranganathan (2002), Szymanski (2000)).

In addition, Roy Dholakia, R. and Zhao, M. (2010) claim that no matter how well designed website is, customers from countries where level of uncertainty avoidance is high will not purchase anything until they will not perceive high level of product information. In study is suggested to enhance cultural differences at website rather than creating homogenous websites for domestic and foreign markets.

Another discussed topic within pre-purchasing stage is **merchandise attributes** (variety of offered products). Sousa, R. (2008) addresses difference of customer's perception between "one-brand" and "multi-brand". Although multi-brand retailer is perceived as more well-known which makes customer more confident but also more afraid that brands share their personal information. In sense of control, one-brand retailer is more trustworthy as it is perceived as centralized with one leader in comparison with decentralized multi-brand retailer.

Even though it was found out that **price** significantly affects customer's decision and satisfaction, nowadays it is not enough to practise low price strategy as differences among all retailer's prices are narrowing. Zhang (2015) suggests that companies should stick with low price policy and observe competitor's prices, but still offer competitive favourable price to win the price competition.

2.2.2 Purchase Stage

Second purchase stage includes capability, response, payment, security, privacy and customer aware of his needs (privacy, trust). Lin (2007), Ponnusamy (2015) and Bressolle (2014) indicated financial security of the most significant predictors of customer satisfaction. This was supported by Ranganathan and Ganapathy (2002) who suggests strengthening security by individual accounts with a password and informing customers why their personal data are collected. Customers do not like to reveal their personal information but 85 % of websites collect personal data but only 14 % of them explain why (Ranganathan, 2002).

2.2.3 Post-purchase Stage

Last but not least there are services (solving problems, trustworthiness, empathy and responding) which are offered by retailers after customer's purchase and also have significant affect on customer satisfaction. Those can be for example delivery (correct order, timeliness, safety packaging) which was found out important in (Lin (2007) and Lin (2011) studies, Roy Dholakia (2010) defined as the most important attribute for satisfied customer delivery delivered on time (Lin (2007), Lin (2011), Zhang (2015)).

2.3 Online Environment

Regulations of how doing business has reshaped because of online environment. There are few changes which have been made within online market as for example replacing telephone and mail for electronic mail and web-based forms, full customer service to self-service, mass marketing turned to personalized one (Bhattacharjee, 2001). Online environment also eliminated transaction inefficiencies, reducing costs and lowering barriers to entry. In addition, more and more firms are changing their strategy to customer oriented strategy, which is focused on customer's needs (Bhattacharjee, 2001).

Bhattacharjee, A. (2001) listed numerous aspects which are typical for online environment such as that it becomes more shattered and its competitors are just "click away", supported by claiming in Ponnusamy, G. (2015) study which highlights importance of customer's satisfaction at online environment as consumers have numerous, easy and quick option to change their retailer. The study also suggests that in online environment superior customer experience will be more influencing and harder for competitors to replicate, especially in contrast with more common cost leadership.

2.4 Satisfaction

Giese and Cote (2000) evaluated numerous studies about customer satisfaction and found significant overlaps and serious contrasts as well. This shows a need to be explicit about exactly what is meant by the word satisfaction. After this process they defined three

main aspects, which are supposed to make definitions of satisfaction for future studies more accurate and conceptually richer.

Firstly, satisfaction was defined as “summary affective response of varying intensity“ which needs exact definition of affective response and the most likely experienced level of intensity (depends on context of interest) needs to be specify by researcher.

Secondly, satisfaction is summary with “time-specific point of determination and limited duration“. At this stage the point of determination which is the most accurate for the research and the duration of earlier defined summary response need to be defined. Giese and Cote (2000) claim that time is the most crucial aspect for detecting the most specific and well structured response.

Thirdly, satisfaction is a summary toward “focal aspects of product acquisition and/or consumption“. Type of question (managerial or research) researcher faces should be considered. This could include either wide or narrow selection of acquisition or consumption activities/issues.

To develop relevant definition in context with particular research, exact question, punctuality and basic information (satisfactions focus, timing and summary response) about settings and consumers needs to be observed. There are two significant attributes in terms of timing which need to be considered: time of determination and duration.

This could be summarized by one of the most comprehensive definition by Kotler and Keller (2012): “Satisfaction reflects a person’s judgment of a product’s perceived performance in relationship to expectations.” This relationship can satisfy customer if perceived achievement is higher than their expectations or it can disappoint customer by perceived performance falling short of expectations.

For purpose of this thesis satisfaction is defined as follows by Liu (2008) “Satisfaction is the consequence of the customer's experiences during various purchasing process: need arousal, information search, alternatives evaluation, purchase decision, and post purchase behaviour” and “Overall satisfaction as an affective state representing an emotional reaction

to the entire online shopping experience” as questionnaire is based on attributes of online shopping in each of mentioned stages of purchase.

2.5 E-satisfaction

Bhattacharjee, A. (2001) identifies differences of key drivers of satisfaction between traditional retail and online businesses. He claims enhancing customer satisfaction on online platform is more challenging than in traditional one. Online customers have more option than traditional customer, because they can choose from all online options and also go back to offline ones.

Bhattacharjee, A. (2001) refers to the fact that retaining satisfied customers who tend to be loyal and repurchase can be five times less expensive than getting a new customer (Ponnusamy (2015), Bhattacharjee (2001), Hu (2012)). Also, enhancing e-satisfaction may lead to improved customer retention, positive word of mouth and increased profits (Lin (2007), Evanschitzky (2004)).

Bressolles (2014) and Anderson (2003) defining customer's satisfaction by comparing customer's judgment of online retail experience with previous online purchases or traditional retail businesses and customer is satisfied in moment when perceived experience exceeds expectations (Ponnusamy (2015)).

2.6 E-loyalty

Customer satisfaction and loyalty (repeated purchase of customer) are mostly in close relation and affecting each other, but they are not considered as substitutes. Shankar (2003) divided loyalty to preferable “attitudinal” (dedicated and engagement with a firm) that lead to repurchase, exception of higher prices, recommending and spreading the word of mouth etc. and “behavioural” (loyal customer until better option (better offer, services or price) appears). Hu (2012) estimated that if customer's loyalty increases by only five percent, profit of that company could increase by 30 percent or even up to unbelievable 85 percent.

3. Characteristics of British Online Group-Buying Auctions

In following chapter of this thesis will be discussed online group buying websites which leverage the power of collective bargaining to be able to offer very convenient offers to customers while helping participating merchants with their sales (Zhang, 2015). This will be followed by basic characteristics of online group buying market, its participants together with its operations and relations in between those entrants. There will be also discussed certain tools which support working of online group buying websites, followed by description of three main online group buying models.

3.1 Online Group-Buying Market Structure

In an online group-buying market there are three main subjects, consumers, businesses and group buying websites (who operate as intermediaries between consumers and businesses) (Dang, 2013). Consumers participate in online group-buying markets to receive discounts on goods, where the purpose of the website (the intermediary) is to develop group shopping business, release group shopping information and spreading this information among customers with the same demands and interest followed by gathering all of them. The spreading of information process is supported throw navigate websites, social networking, micro-blogging and search engine (Mingjie, 2014). The third participant are the manufactures (businesses), who provide their products or services for lower prices (between 30-80 %) in exchange for company's advertisement and spreading information about its existence (Mingjie, 2014).

For support of the market function there is social networking system (SNS) and navigation websites which get more and more attention from online group buying websites as these platforms enhance spreading of information with higher efficiency than traditional media. Other key players within market are payment service providers with contract with bank in country or even abroad which provides third-party transaction payment platform and may result in enhanced cash flows. Lastly there are logistics service providers that expand the business scope, enhance content and form of company's logistics service and supply online group buying with support of delivering goods (Mingjie, 2014).

3.1.1 Manner of Purchase

After online group buying website promotes offers of numerous merchants on their website typically with 50 % discount customers then choose goods they desire. In terms of offered goods available at online group buying websites, there can be purchased nearly anything and consumer is more likely to find services than products. Those offered services can be divided into “single service” and ones with longer duration (half year to one year duration). Single services can be in form of package tours, massages, cosmetic procedures or dinners at restaurants etc. and those with longer duration can include for example memberships in gym, magazine subscription or different types of courses.

After consumers choose their product or service they will need to put their credit card number, although they will be charged only if the minimum number of buyers will be met (otherwise they wouldn't get the at all). If the minimum will be met and customer credit card is charged by online group-buying website they receive email from that website with document in a form of coupon or voucher. This document serves as proof of payment for customer and by submission of this coupon or voucher customer will receive his product or service. Every coupon has its own numeric code which proves its uniqueness (Barbera, 2016).

3.2 Online Group Buying Model

By analyzing relationship between online group buying website and merchants they can be divided into three models: C2B business model classified as spontaneous online group-buying, B2T model which is basically situation when merchants run their own online group-buying website and B2B2C model of separate, independent commercial online group-buying website. All of those three business models have their own advantages and disadvantages with its characteristics (Mingjie, 2014).

3.2.1 C2B Business Model

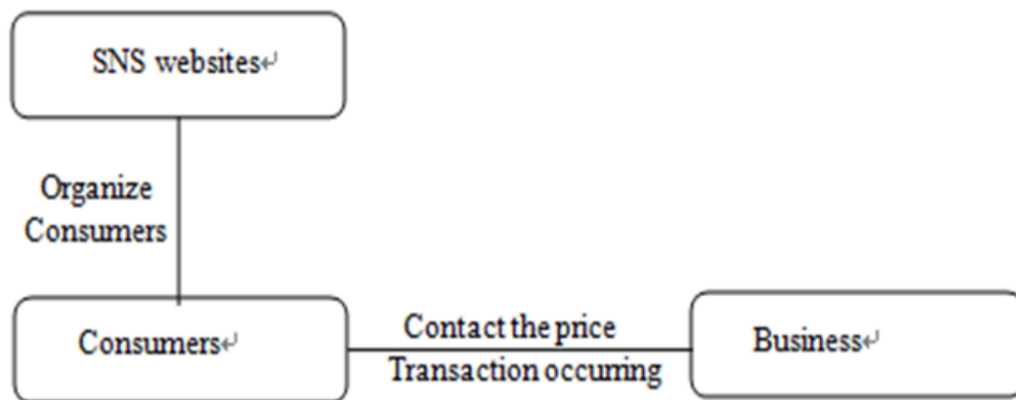


Fig. 3.1: C2B business model

Source: Mingjie (2014)

This C2B business model displayed in Fig. 3.1 is defined as spontaneous online group buying and it is when consumers arrange themselves to buy products in bulk which is basic feature of online group buying. For spontaneous online group buying is created organization usually of group of people with the same demands and they establish the theme of online group buying product. This organization tries to attract as many members as possible and then bargain with providers of products or services they desire. As they created organization, they enhanced their bargaining power and that is how they can achieve desired product or service at lower favourable price (Mingjie, (2014), Dang (2013)).

3.2.2 B2T Business Model

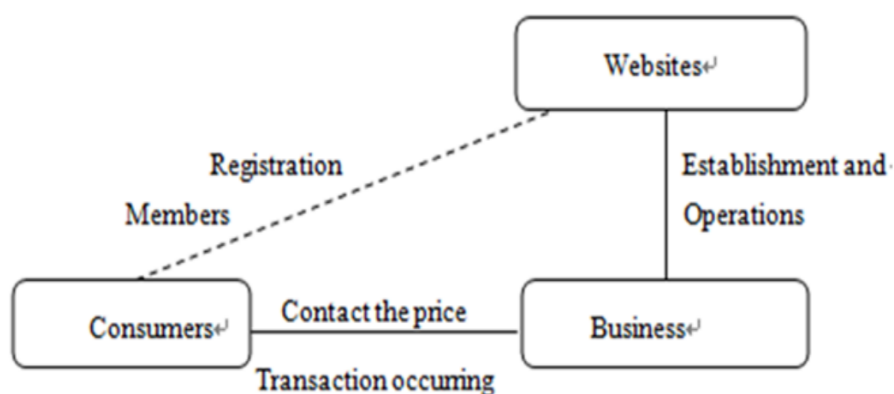


Fig. 3.2 : B2T business model

Source: Mingjie (2014)

The B2T business model displayed in Fig. 3.2 includes manufacturers or distributors who launched their own online group buying websites which gives more control over price, scale and flexibility of reacting to different consumer's demands. Merchants and distributors are the ones who start the group shopping and then consumers bargaining price directly with them (Mingjie, 2014).

By adopting this business model, manufactures are putting distributors out of the industry chain which is vendor's way of skipping professional online group buying website, although it is not their main business and they take only as a part of their marketing activity for product sales. This behaviour pushes distributors to creating their own buying websites and taking this as one part of their network marketing system. Because of distributor's skills they are able to find a way how to build three-way win-win situation for all producers, customers and distributors (Mingjie, 2014).

3.2.3 B2B2C Business Model

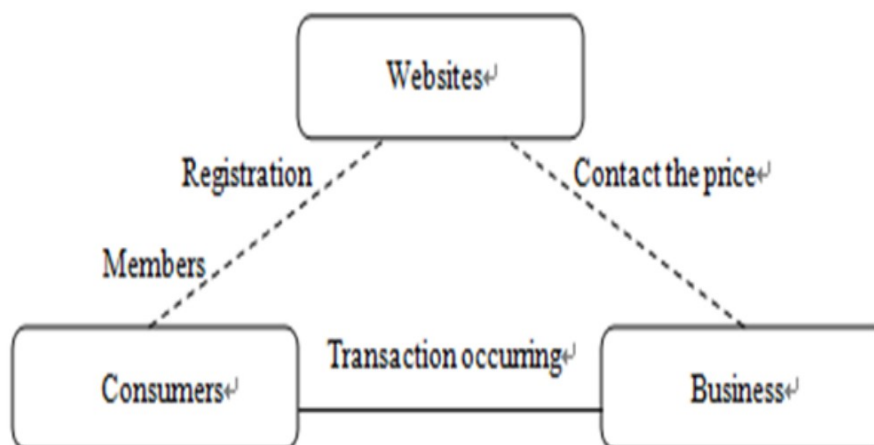


Fig. 3.3 : B2B2C business model

Source: Mingjie (2014)

B2B2C business model of online group buying is the one which is discussed in this research paper. This model from Fig. 3.3 means that online group buying website stands alone between consumer and merchant and provide third-party service platform. They organize the grouping of customers and bargain prices with manufactures.

The website discusses the price with manufacturer and signs contract with them. Then the website sets and spreads the information about product or service and organizes the customers who want to take part in this group buying. Basically, website mediates transaction between customer and manufacturer with full responsibility (Mingjie, 2014).

3.3 Formation and Development of Group Buying

The origins of group buying can be detected in China from a concept was called Tuángòu. Tuángòu is translated as team buying or group buying developed shopping strategy. The principle involved numerous people, sometimes friends, sometimes strangers who would connect over the internet and gather as a group to identify a merchant whose product the group was interested in purchasing with the aim of purchasing it at discount. This was a win-win situation because customers received a discounted product and the vendor was better off with increased sales. This has now become more widespread with services appearing in both American and European markets and kicked on in the USA in 2008 when Groupon was launched and became first group buying website which offers fixed but really deeply discounted prices (Ranganathan, 2002).

Groupon experienced rapid growth and success which lead to competitors entering the market and creating “clones”. Clones are website which were created in such a way (similar design, URL address, etc), that people can get confused easily and mistaken the clone with actual legitimate website. Those website can require people’s personal information, passwords or they let their visitors invest and those people will never get any money back. Liu (2012) shows example of LA Groupon website and webpage of Meituan in Bei Jing which differs only in language, slightly changed layout and pictures and all business model and website design is the similar, although this site was still legitimate. At that time Groupon was offering concept of “deal of the day” which meant that they offered only one product for each day and became the most popular variant of group buying (Liu (2012), Wang (2014)).

This rapid growth of online group buying resulted in four hundred deal-of-the-day group buying sites all around the world by 2010. This way of shopping became very popular especially in collectivists cultures which is China, where first group buying website Manzuo

established in early 2010 and since the then only growth was recorded. In 2012 was recorded 34% of entire online market is active on online group buying sites which makes Chinese online group buying market the most competitive in the world (Liu (2012), Zhang (2015)).

There were also many other group buying websites which disappeared as quickly as they appeared, moreover some of online group buying websites are having difficulties as they are offering discount only up to 10% which is not comparable with for example Groupon's 50% discounts (Liu (2012), Zhang (2015), Gagnon (2005)).

3.4 Trends

For any retailer is very important to keep up with trend in their fields for better understanding customer's needs and expectations. Nowadays, there are two main trends which have tremendous influence on customers and retailers. One of them is social network which has shifted communication between customers and retailers to online sphere. Access to those networks, websites and any other services can be made by wireless mobile devices, which take place for the second trend. In following text those mentioned trends will be discussed in more detail.

3.4.1 Social Networks

Social networks are becoming nowadays the most spread, the fastest and most likely the most effective way of communication. In 2014 there were 1.9 billion of registered social media users which accounts for 26 % of population all around the world. The percentage of adult online user of social media in UK is 72 % (Ofcom, 2015). Companies can share their websites and its content, offer products and the most importantly they can communicate with customers throw social media. Communication with customer is one of the most important attributes because in today's online world where major part of all business are becoming online, the face to face contact is disappearing and social media are able to replace that connection to some extent. As we can see in Fig. 3.4 below from those mentioned 72 % of UK adults who have social media profile 97 % have account at Facebook, 26% on Twitter, 24% on Whatssup, 17% on YouTube, 16% on Instagram, 14% on LinkedIn, 12% on Google+ and 10% on Snapchat (Ofcom, 2015).

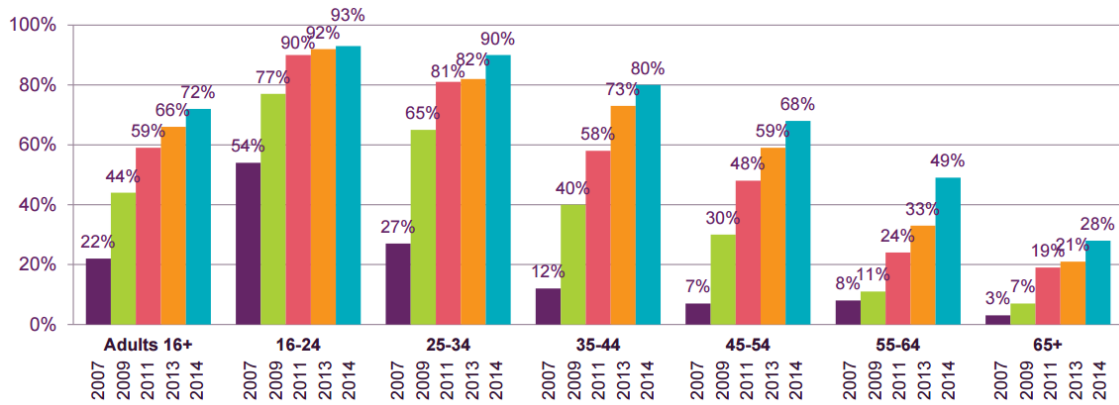


Fig. 3.4 : Proportion of online adults

Source: Ofcom (2015)

Social media are used in many ways by those companies. Users of online group buying websites can register and repeatedly log in throw their social media accounts. Then all information, ratings or comments which consumer makes at the website will be visible to all people who follow website's page on social media. That is how group buying website and manufacturer gets their promotion almost for free, although sometimes also the bad promotion of dissatisfied customers.

3.4.2 Wireless Mobile Devices

With increasing usage of internet and social media comes higher numbers (66% of all population) of owners of any wireless devices. Customers can use their devices for accessing company's applications, offerings, receiving coupons and vouchers (company do not have to deliver or print them, which may reduce logistic cost) or for connecting with GPS system which may lead to more personalized offers (Wood (2014), Liu (2012)).

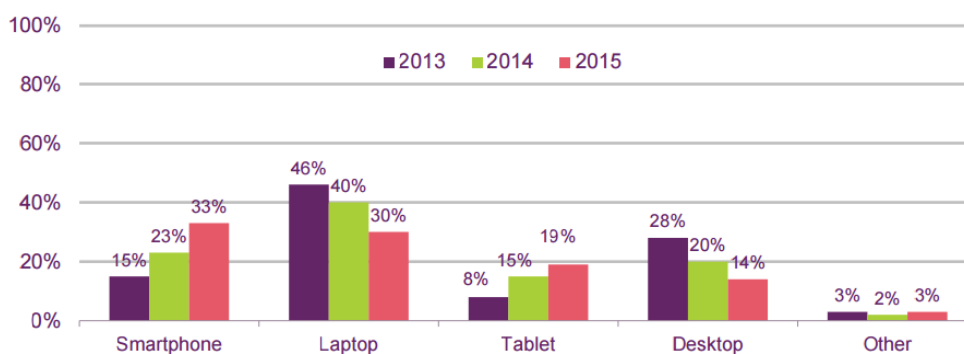


Fig. 3.5: Proportion of internet users

Source: Mintel (2015)

The Fig. 3.5 shows how many people use certain device for connection to internet, only usage of smart phones and tablets for this purpose increased. In addition, 37% of people chose their smart phone for access to social media as well (Intel, 2015). That is undertaken by increase up to 85% of adults who have access to internet in 2015 (Intel, 2015).

3.5 Key Companies at British Online Group Buying Market

The two key companies this research paper will focus on is Groupon and LivingSocial as research shows that these two are the key players in the market from the 2016 group buying website comparison charts from 2016.

3.5.1 Groupon

Groupon was established in Chicago, USA and went public in 2011 with a worth of 8.47 billion pounds which was largest initial public offering ((IPO) is the first sale of stock by private company to public) since Google hit market in 2004. Groupon's market value became more than 30 billion dollars and it operates in 42 countries all around the world. Groupon has over 53. 2 million users all around the world and around 5 million users are in UK based on monitored traffic to its website. Groupon is present in thirty-two British cities and towns (Wood (2014), Compared and Reviewed (2016)).

One of its objectives includes enhancing customer mobile experience, which Groupon sees as its future key element and therefore it has launches its own application available for iPhone and Android (Compared and Reviewed, 2016). The scale of Groupon's size and success may be measured as over 150 million potential customers downloaded its application. Groupon also created its own proprietary operating system to be able to offer smoother interface. However, Groupon has recently encountered trouble where there was a fall in its stock market value by 50-70% and its workforce was cut by 10% of (1.100 jobs) and Groupon was removed from 17 countries. This was due to Groupon operating in a market with zero barriers to entry (or very low cost barriers) which lead to instant appearance of many small but major competitors entering the market and stealing its market share. A lot of small

businesses took a part in Groupon's trouble as they were not able to cope with the volume of coupons they created and failed in estimating the decrease of margins after all offered coupons will be redeemed (Ranganathan (2002), Dewson (2015)).

Groupon's E-business Model

Groupon sends every day emails to its registered customers and subscribers in which many discounted offers of product or services are offered. Customers can access these offers through its webpage and mobile app. The Groupon's principle is based on "tipping point" which means that minimum amount of customers who are interested in an offer needs to be met and if it is not met no one gets the offered deal (Wood, 2014).

Local deals including products from groceries to electronics are offered to customers who signed up within their locations. During signup customers are also "zip coded" by requiring their age and gender. Those deals are spread by various platforms such as email, website, its mobile application and social networks. Consumers purchase coupons at Groupon and redeem them with the merchants, but Groupon keeps fifty percent of the value of every deal (Wood, 2014).

Merchants who aim to promote themselves apply to Groupon and if they agree, they will announce the deal, share all required information and set minimum of participants for this deal (Ranganathan, 2002). Groupon also offers other operations which are Self Service Deals. Those are Groupon Goods, Groupon Goods, Group Getaways, Groupon Rewards, Groupon Now and Groupon Live. Self service deals are free self-service platforms where merchants can promote their offer based on their own decisions and it gives permanent online presence to merchants too (Wood, 2014).

3.5.2 LivingSocial

LivingSocial is the second biggest firm and it is housed in Washington DC. LivingSocial was established in 2007, but it starts to officially represent itself as online group buying website in 2000 and offers first discounted offers, nowadays they reached 85 million customers (Chaney, 2011). LivingSocial like Groupon offers daily deals through their website,

newsletters, social media and mobile application and time frame for these deals is also one day. It differs to Groupon as it offers their customers possibility of getting one of their offers absolutely for free if this customer will make three of his friends to participate in purchase. As biggest competitor of Groupon they try to differentiate even more that is why their offers mostly consist from experiences. Those offers are mostly products in categories as Escapes (travel experiences), Families (offerings for family with children, for example entrance to ZOO, museums or one day trips), Adventures (experience adventure), Takeout & Delivery (meal in local restaurants) or Gourmet (culinary experiences) (Chaney, 2011).

Majority of all businesses, including small ones try to differentiate themselves to avoid “perfect competition” which is defined by zero barriers for entry, perfect knowledge within market, homogenous products (each unit of input, also labour input) etc. This concept may work in short run, but in long term time frame price is put down (because of the level of competition, companies cannot influence market price) until the point when it is equal to marginal cost, company’s profits become exhausted and those businesses will leave market (there are no barriers for leaving too), which will even out the price market again (McDermott, 2015).

3.5.3 Pricing Strategy of Online Group Buying Sites

In online group buying model there are two types of pricing strategy founded. Those strategies are based on two essential price mechanisms such as dynamic price mechanism and fixed price mechanism which will be described in following text.

3.5.4 Dynamic Price Mechanism

Dynamic mechanism is built on inverse relationship between price and number of customers or situation when vendor establishes values which determine stationary discounts for different numbers of involved customers. In both situations the same rule applies which is the more customers are involved the higher discounts. Potential customers try to create as large groups as possible to reach higher discount, in addition every customer will receive the same discount in the end (Ranganathan, 2002).

3.5.5 Fixed Price Mechanism

Fixed price mechanism the website in role of middle man offers big discount usually around 50%, but this price offer is static and does not change not even with more customers involved. The time frame of this mechanism is at majority of companies one day. Although, this mechanism has one condition that minimum number of customers need to be met. If this minimum will not be met, number of customers is inadequate, this offer will not be valid anymore. That is why potential customers who are interested in this offer usually throw internet, social media or other platforms spread this offer among others so they have chance to get this particular deal. That customer behaviour results in vendor's and merchant's advertisement without any effort from their side (Ranganathan, 2002).

4 Methodology of Data Collection

In following text is discussed methodology of this thesis research and data collection. This includes certain stages of research which is containing numerous actions. In this sections hypothesises of this research are listed together with types of collected data and data collection modes. This part of thesis is concluded with different methods and styles of data collection which can be used.

4.1 Preparatory Phase

4.1.1 Definition of the Goal

The main goal of this thesis is to identify and analyze attributes which are having either positive or negative effect on customer's satisfaction during whole purchasing process on online group-buying website Groupon on British market. Customer satisfaction was chosen for this thesis because nowadays it has become one of the most important attributes for any retailer, although many companies still have problems to identify the most accurate way how to achieve customer's happiness. Goal of this thesis is to identify which of identified attributes has strong impact on customer satisfaction and which of those attributes customers consider as the most important.

For this research was chosen construct developed by Liu, X., He, M., Gao, F. and Xie, P. (2008) study and it was customized to online group-buying website features and British market. By using this construct will be measured the degree of influence of each of those attributes and also which one from this construct has the biggest influence on British online group-buying customer's satisfaction. In addition, in this thesis will be measured level of importance of those attributes for customers.

4.1.2 Data Collection Modes

Brace I. (2013) divided surveys into two categories such as "interviewer-administrated" (interview) and "self-completion" (questionnaire) with mentioning that interviewer-administrated are quite often accompanied by self-completion, which may result

in definition of additional third category “interviewer supervised self-competition” (questionnaire with interviewer presence). This third category is option when respondents are asked to answer the questions by themselves, but the interviewer is present to be able to answer any questions those respondents could potentially have. This can be beneficial in numerous cases, respondents have the opportunity to ask if they are not sure if they understand any of questions, although interviewer then have to pay attention to the given answer as he could influence respondent’s response. This option also gives to interviewer option of asking more detailed questions as he is present at the answering process (Brace (2013). Although this option was not chosen for purpose of this research as it requires more time spent and it also lowers amount of respondents, but with interview response rate is higher. Response rate is higher because when respondents agree with interview, interviewer will get their answers. In case of sending questionnaires, although interviewer can reach more people, not all of them will be willing to answer.

4.1.3 Methods and Styles of Data Collection

For primary data collecting of this research was chosen internet based method of electronic questionnaire. This thesis questionnaire has taken holistic approach, which means that the problematic are treating as something whole and not just a part (Cambridge dictionary, 2016). For creating this research questionnaire Google Forms was used and then shared on social media such as Facebook and Couchsurfing. Online questionnaire was chosen over interviews for purpose of this research for its affordance, saved time while creating and distributing, flexibility and also its suitability with topic of this thesis.

4.1.4 Hypotheses of Research

For this research were established nine hypotheses for each of attributes which are supposed to influence customer satisfaction. Those hypotheses were inspired by Liu, X., He, M., Gao, F. and Xie, P. (2008) study. Those nine hypotheses will be examined together with evaluation of importance of all those attributes (hypotheses are build around attributes) and analyzed later on. After data collection and its analysis will be those chosen attributes and its influence on satisfaction will be confirmed or refuted.

H1: Higher level of information quality will improve customer satisfaction in online group-buying.

H2: Good website design will have a positive effect in online group-buying customer satisfaction.

H3: Wider merchandise variety and low price will have a positive effect on online group-buying customer satisfaction.

H4: Great transaction capability will have a positive effect on online group-buying customer satisfaction.

H5: Rapid response time will have a positive effect on online group-buying customer satisfaction.

H6: Security/privacy will have a positive effect on online group-buying customer satisfaction.

H7: A convenient payment mechanism will have positive effect on online group-buying customer satisfaction.

H8: Safe and rapid delivery will have a positive effect on online shopping customer satisfaction.

H9: Higher level of customer service will result in greater satisfaction.

This construct was established for purpose of contributing to study of online shopping customer satisfaction. In this construct is developed model of satisfaction process (which includes 3stages such as information search and alternatives evaluation stage, purchase stage and post-purchase stage) in online environment and identifies factors that may influence OGB customer satisfaction. Results and outcome of this thesis could be useful to businesses, consumers and researchers. For better understanding of construct of this research and hypothesises there is attached graphical representation of research model in Fig. 4.1.

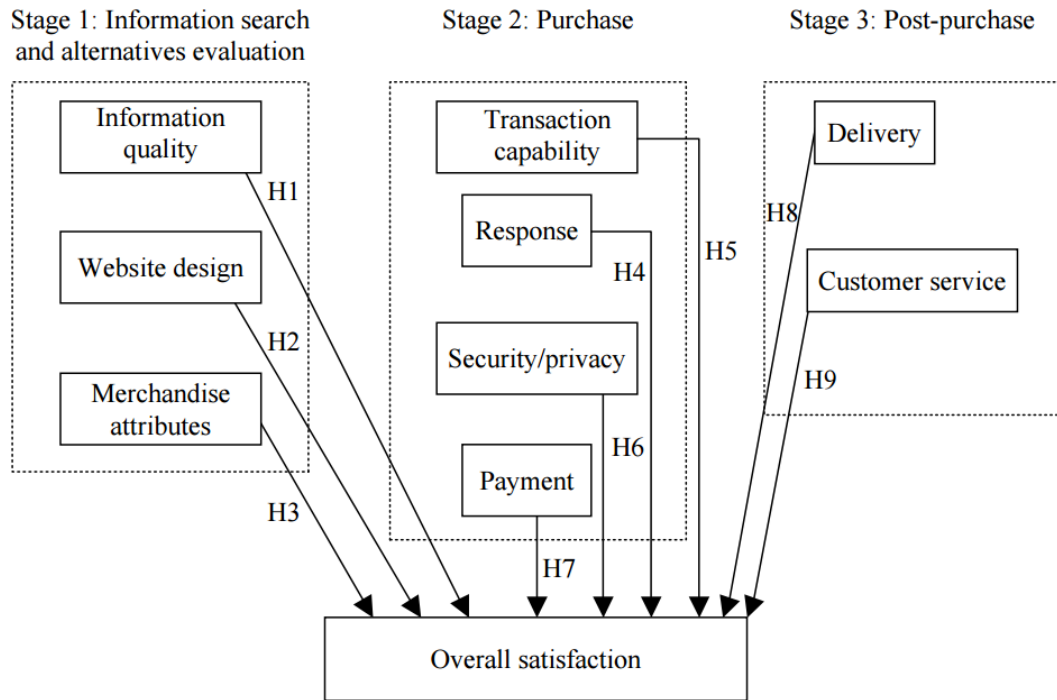


Fig.4.1: Research model – graphical representation

Source: Liu (2008)

4.1.5 Type of Collected Data

This dissertation research includes both primary and secondary data. Secondary data of this research were collected from external resources such as journal articles, dissertations, e-books through university's resources, Google Scholar or online. It was used to show importance and relevance of chosen topic by underpinning it by using trends in the market, increasing numbers of smart phone owners, increase of social media accounts displayed in section 3. Primary data for this research were collected by using questionnaire, which was created for purpose of this research.

4.1.6 Questionnaires

Questionnaires belong to the basic tools which are used for data collection and there are many different questionnaires which can differ in its purpose, the length and design. Although, Denscombe, M. (2014) identifies three main standards which should be met in every questionnaire.

Firstly, questionnaires should be designed as a tool, which gather information of chosen topic that can be after data collecting period analyzed. Although main reason for creating questionnaire is research, not all questionnaires are strictly made for this research purpose (can be used for marketing purposes).

Second standard which should be met is that all respondents read identical selection of questions, which leads the questionnaire to be consistent, precise and easy to answer. Sometimes, instead of questions pictures can be used for particular purpose of research.

Thirdly, questionnaires should be able to collect data directly from respondents, meaning that research asks direct questions on theme he or she wants to examine.

4.1.7 Structure of Questionnaire

Data were collected by online questionnaire which consisted from 9 main sections which refers to nine defined hypotheses and include numerous questions. In questionnaire were used dichotomous, rate items type question and multiple choice questions which will be described in following text more detailed. In beginning were used “filter questions” to separate respondents who have bought something at online group-buying site from those who have not and in this way save respondent’s time. The main part of questionnaire where all attributes which were defined as influencers of customer satisfaction were measured and asked by using seven point Likert scale with rankings from strongly disagree to strongly agree. In the end of this thesis questionnaire identifying questions were situated, where respondents were asked for their gender, age and top educational certificates. In addition, to those identifying questions proceeded also respondents, who did not pass first filter questions. It is important to mention that all questions used in questionnaire fall under closed type question as they all offer set of “pre-coded” possible answers to respondents. Moreover, for better understanding of questions asked there will be attached questionnaire of this thesis in Appendices section as Appendix B.

The main and the most comprehensive section of questionnaire was taken from Liu, X., He, M., Gao, F. and Xie, P. (2008) study and numerous questions were adapted to fit

online group-buying features and conditions. For this part was used already mentioned seven point Likert scale, where respondents had to show their level of agreement or disagreement.

4.1.8 Likert Scale

This most used and favourite rating scale is very common for measuring and understanding respondent's attitudes, opinions and perception in scientifically accepted and validated manner (Jamieson (2004), Joshi (2015)). Those scales offer to respondents set of responses to given "latent" variable (which can be statements, phenomena, interest or items) which can be inspired and based on real or hypothetical situations. Moreover, this "latent" variable is expressed by numerous items which take place in questionnaire and are linked together in such way they will in the end be able to measure whole phenomena.

Respondents are then meant to show their level of agreement or disagreement with given statements or questions. They are offered five to ten points on scale from left "strongly disagree" to right "strongly agree". This rank order of answers is set in this way because respondents who are given a question tend to agree, so can be estimated that reverse order could influence respondent's choice of answer (Jamieson (2004), Joshi (2015)).

In addition, there can be defined two types of Likert scale such as symmetric and asymmetric Likert scale. Scale is symmetric when respondents have choice to choose their answer in balanced and symmetric way in both directions. That means that neutral answer takes place exactly in between two extreme answers (strongly disagree and strongly agree). In contrast there is asymmetric Likert scale which logically is not balanced in offering the same number of options on one side from neutral answer in comparison with the other side. Researcher who offers this type of scale is considered as one who shows and do not offer any reality (Joshi, 2015).

There are certain discontinuities about whether is better 5 or 7 to 10 point Likert scale. Jamieson, S. (2004), Joshi, A. (2015), Norman, G. (2010) all agreed on numerous benefits of using Likert scale which contains more options. The reason for claiming this is that respondents have digger spectrum of options, which means that they can more easily find their real opinion and do not have only choose something which is close to their rating. As

Joshi, A. (2015) gives example of how more points can improve quality of answers. The example of respondent that choose rating 3 instead of 4 only because respondent felt like his real rating is exactly in between and there is less probability of respondent feeling pressured to chose one particular answer.

The most serious issue with Likert scale mentioned by Joshi, A. (2015) is points on scale should fulfil two conditions. Scale points should be firstly equivalent, which means that points needs to be close to each other enough to be considered as equal and shown relative magnitude. Secondly, they are supposed to be also equidistant which is defined as intervals in between all points should be the same. This was supported by both Jamieson, S. (2004) and Norman, G. (2010) who claims that intervals in between each points are not the same which means they cannot be presumed equal. Those previously mentioned issues together with choosing wrong statistical method for analyzing can result in enhanced chances of making wrong conclusion (Jamieson, 2004).

4.1.9 Timetable

Activity/Month	10/2015	11/2015	12/2015	1/2016	2/2016	3/2016	4/2016
Definition of Problem and Goal							
Methodology							
Creating Questionnaire							
Pilot Study							
Data Collection							
Characteristics							
Theoretical Basis							
Analysis							
Interpretation							
Conclusion and hand-in							

Table 4.1: Timetable of activities

4.2 The Implementation Phase

4.2.1 Sampling Respondents

The widest selection of respondents can be defined as people with certain income to be able to afford and proceed (if they are habitants of UK or if they have access to British Groupon site) to this kind of purchase. To be able to purchase at OGB website Groupon, there is need to have access to internet, in section 3 of this thesis there was addressed that up 85 % of adults have access to internet, which is one of limitations of this sample. Because questionnaire was spread online throw social media respondents also need to have some social media account and from those 85 % online adults, 72 % have some kind of social media account. Since the questionnaire was shared on social sampling of this thesis respondents became “random sampling” which means there was not any focus on certain age group, gender or nationality etc. Random sampling also creates equal chance for selecting any unit from the population.

4.2.2 Structure of Respondents

Structure of chosen respondents is derived from answers of final questions of this research’s questionnaire. Those questions were supposed to identify respondents by their gender, age and education they have reached. All Fig. 4.1, Fig. 4.2 and Fig 4.3 below show structure of respondents based on their demographic characteristics.

Gender	Frequency	Valid Percent
Female	79	63,2 %
Male	46	36,8 %

Table 4.2: The structure of respondents by their gender

The Fig. 4.1 identifies gender structure of all 125 research respondents, which is 63,2% for females and 36,8% for males. This can be compared with real Groupon customer base from Mintel (2011), where females took 60% and males took 40%, which is very close to this research sample. Nevertheless, Office for National Statistics (2015) analyzed online shopping market and found out that difference between female and male who shop online dropped to only two percent with 77% of males and 75% of females. From this information

can be derived that even though males shop more often, females tend to use online group buying sites more than males.

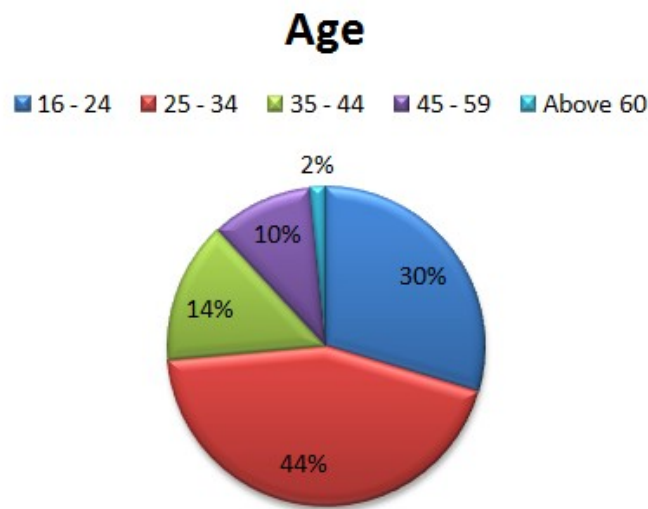


Fig. 4.1: The structure of respondents by their age

Age structure of all respondents is depicted in Fig. 4.2 and shows that nearly half of all respondents 44 % of all respondents belongs in age group between 25 – 34 years old. The least respondents are in age group 45 – 59 and in group over 60. Mintel (2011) prove that most of Groupon customers belong to 25 – 34 age group then customers which corresponds with this thesis structure of respondents.

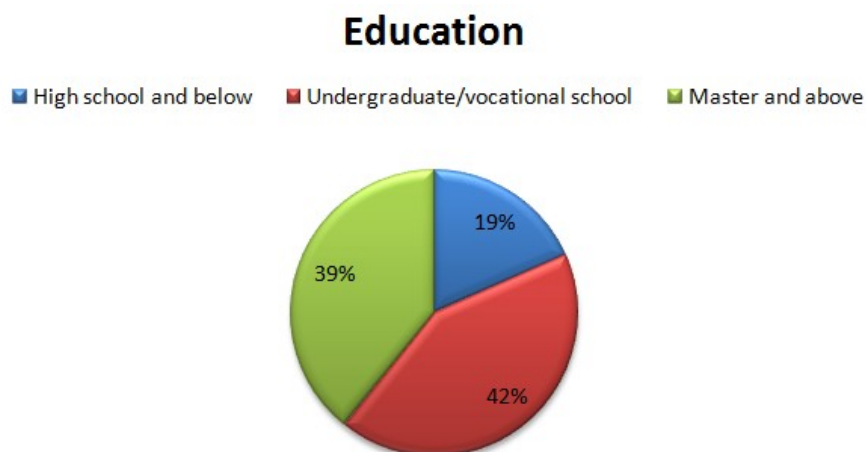


Fig. 4.2: The structure of respondents by their education

In Fig. 4.3 can be seen structure of respondents by education they have reached and 80 % of respondents were divided into two even groups where one belongs to Undergraduate/vocational school, other to Master and above and only very little part is left with people with high school or less.

4.2.3 Pilot Study

Before sharing and distributing questionnaire online there was pilot study with friends and supervisors of this research paper. Based on their opinions and comments questionnaire was changed in some details, so all respondents are more likely to understand all questions properly. Respondents who uses more websites than only Groupon were not sure if following questions were towards Groupon or all group buying websites in general, that is why in all questions was specified that Groupon is in focus.

4.2.4 Method of Analysis

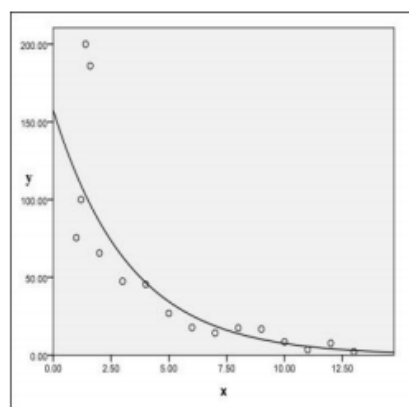
For analysis of this research data was chosen the Spearman's rank-order correlation which is nonparametric version of the Pearson product-moment correlation. Spearman's correlation coefficient measures association between two ranked variables and its strength. For using Spearman's correlation coefficient there is need for two variables which are either ordinal, interval or ratio and also that there is monotonic relationship between those variables.

Monotonic relationship can be either that one variable increases so does the other one or one variable increases and the other one decreases. It is important to point out that monotonic relationship is less restrictive than linear relationship (which needs to be met for Pearson's product-moment correlation), which means that there does not have to be non-linear relationship between variables but it is monotonic.

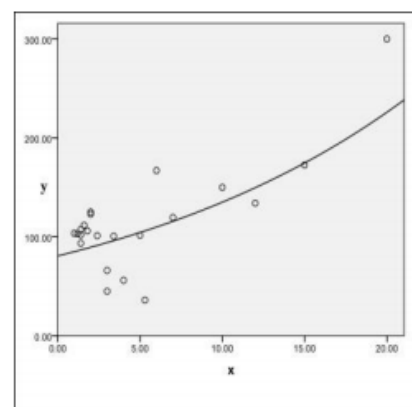
The Spearman's correlation coefficient r_s can take range from +1 to -1. The value of zero shows that there is no association between examined attributes and the closer it is from both sides to zero the less association there is (Statstutor, 2013). The value greater than zero means that if the value data of one attribute increases the value of other measure attribute increases as well which is positive association. If the value is less than zero, that logically

means that it is negative association, which means that value of one variable increases and the value of the other attribute is decreases as can be seen in Fig. 4.4. It important to keep in mind that Spearman's correlation coefficient measures monotonic relationship that is why value $r_s = 0$ does not have to mean that there is no relationship.

At Spearman's correlation coefficient there can be verbally described the strength of the correlation between two variables. The correlation is “very week” in range between 0,00 – 0,19, “weak” in 0,20 – 0,39, “moderate” in 0,40 – 0,59, “strong” in 0,60 – 0,79 and “very strong” in range between 0,80 – 1,0 (Statstutor, 2013).



$r_s = -.941$
very strong -ve
monotonic correlation



$r_s = .372$
weak +ve
monotonic correlation

Fig. 4.3: Example of monotonic correlations

Source: Statstutor (2013)

Also, those correlations coefficient values will be displayed in tables with abbreviations of questions asked in questionnaire, there is why there is provided Table 4.3 with explanations of those abbreviations.

Info_1	I believe Groupon website provides accurate information to potential customers like me.	Resp_2	When I use Groupon website there is very little waiting time between my actions and the website's response.
Info_2	The information provided at Groupon website is reliable.	Trans_1	Most business processes can be completed via Groupon website.
Info_3	The information provided at Groupon website is clear to me.	Trans_2	All my business can be completed via Groupon website.
Info_4	The information provided at Groupon website is easily understandable.	Sec_1	I feel secure giving out credit card information at Groupon site.
Info_5	The information provided at Groupon website is complete for my purchase decisions.	Sec_2	Groupon website has adequate security features.
Info_6	I can find all the detailed information of the goods I need.	Sec_3	I feel I can trust Groupon website.
Info_7	The information in Groupon website is relevant.	Sec_4	I feel safe in my transactions with Groupon website.
Service_1	Customer service personnel are always willing to help you.	Del_1	The product is delivered by the time promised by the company.
Service_2	Inquiries are answered promptly.	Del_2	You get what you ordered from Groupon website.
Service_3	Groupon is ready and willing to respond to customer needs.	Del_3	The items sent by Groupon are well packed and perfectly sound.
Web_1	I like the layout of Groupon website.	Del_4	I am satisfied with delivery mode of Groupon.
Web_2	The start page leads me easily to the information I need.	Merch_1	The general pricing of Groupon's goods is relatively low (good's price + delivery price).
Web_3	The start page tells me immediately where I can find the information I am looking for.	Merch_2	Groupon has bigger discounts than similar web sites.
Web_4	I found it easy to move around in Groupon website.	Merch_3	The product range of Groupon is complete.
Web_5	The web site and all of its linked pages work well.	Merch_4	The products of other similar web sites can be found at Groupon.
Web_6	Groupon website uses good colour combinations.	Merch_5	Most of the goods I need can be found at Groupon.
Web_7	I like the color combinations of Groupon website.	Merch_6	There are more choices for goods of a particular type at Groupon.
Web_8	I feel happy when I use Groupon website.	Pay_1	Groupon has complete payment options referring to post office remittance, online payment, cash on delivery, etc.
Web_9	Groupon website is easy to use.	Pay_2	I accept the payment options provided by Groupon.
Web_10	Groupon website is user friendly.	Sat_1	If I had to do it again, I'd make my most recent online purchase at Groupon.
Trans_1	Most business processes can be completed via Groupon website.	Sat_2	My choice to purchase from Groupon was a wise one.
Trans_2	All my business can be completed via Groupon website.	Sat_3	I have truly enjoyed purchasing from Groupon.
Resp_1	The Groupon website loads quickly.	Sat_4	I am satisfied with my most recent decision to purchase from Groupon.

Table 4.3: Explanation of abbreviations

Modus

For all of Spearman's correlation coefficients were established 5 intervals based on the strength of correlations (very weak, weak, moderate, strong and very strong interval) so there can be defined modus for each attribute. Modus in this case is interval in which is most of the correlation coefficients values are.

5 Analysis of Research Results

The main goal of this research was to identify and analyze factors, which have any influence on shopping process and overall customer satisfaction with Groupon on British market and which of defined attributes customers evaluated as the most important for them. For this purpose was established research model which was inspired by Liu, X., He, M., Gao, F. and Xie, P. (2008) study and adopted to British online group buying features with addition of ranking scales for the importance for each factor.

5.1 The Most Used OGB Sites

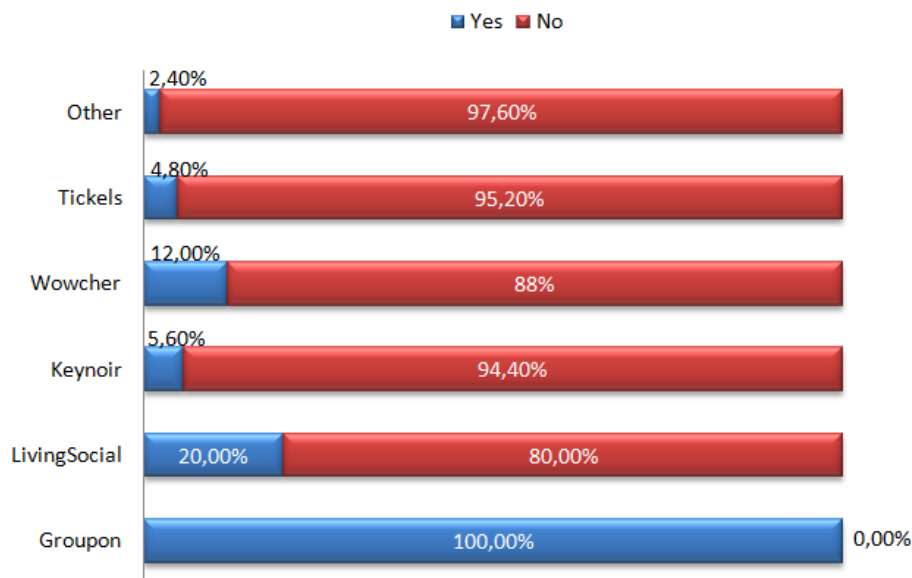


Fig. 5.1: Which of those British online group-buying sites respondents use

Respondents were asked which online group buying website they use followed by the question which of those they you the most. From Fig. 5.1 answers of people who chose other website than Groupon as the most used were excluded. That means that in chart we can see that people who use Groupon the most and also use other online group buying sites, where the most of respondents use LivingSocial (20 %) besides Groupon.

5.2 Frequency of Purchase

In case of how often respondents purchase at Groupon almost half (40 %) chose answer 2 -3 times a year and then it was almost equally distributed over frequency of every 2 – 3 month, once a month and once a year as can be seen in Fig. 5.2.

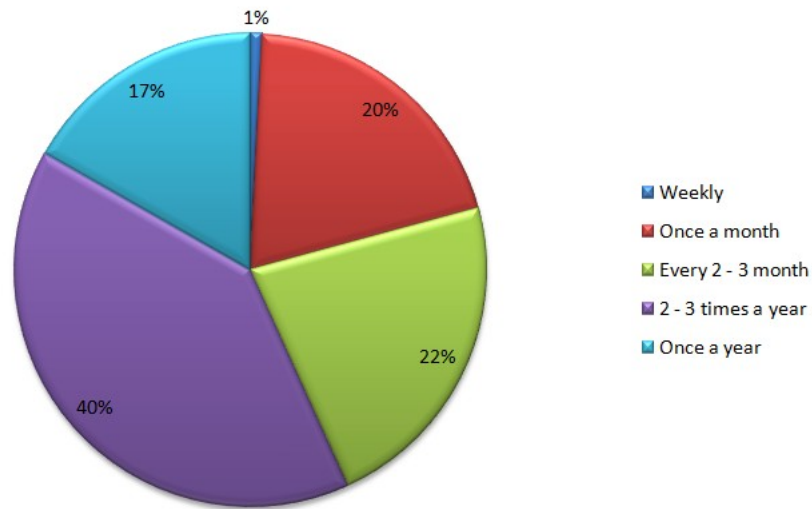


Fig. 5.2: Frequency of purchase at Groupon on average

5.3 Most Recent Purchased Goods from Groupon

As displayed in Fig. 5.3 nearly one third of Groupon customers recently purchased in section of Restaurants and bars (27 %), followed by 17% people who purchased in fashion section and with equal percentages (13%) of respondents purchase in “Small local retailers”, “Hotels and gateways” and “Spas and resorts”.

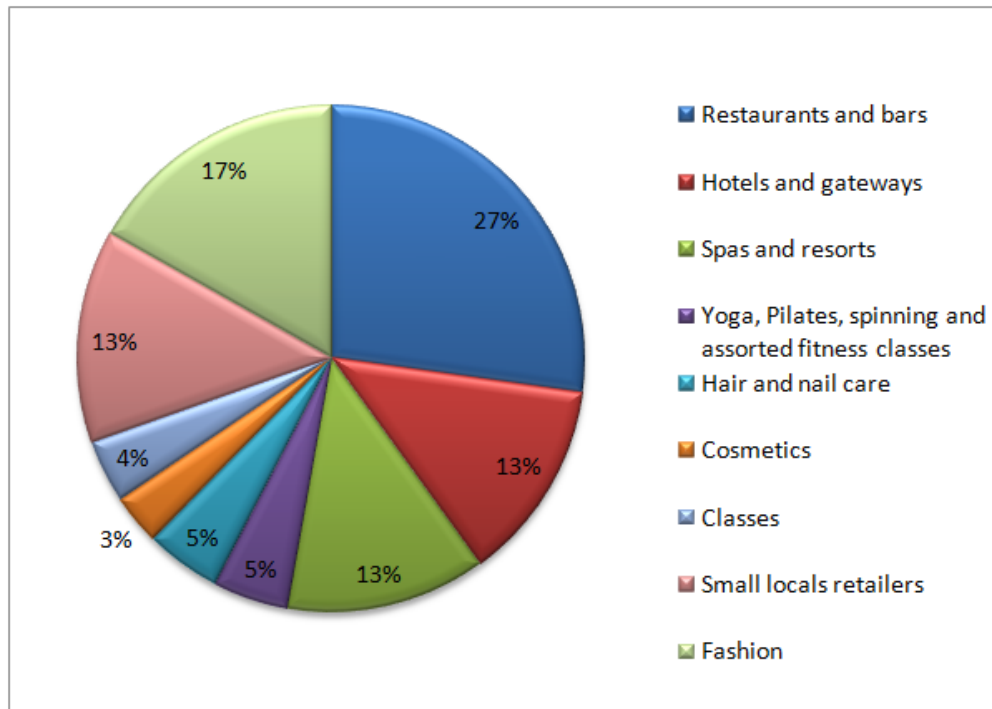


Fig. 5.3: Most recent purchase from Groupon

5.4 Importance of attributes

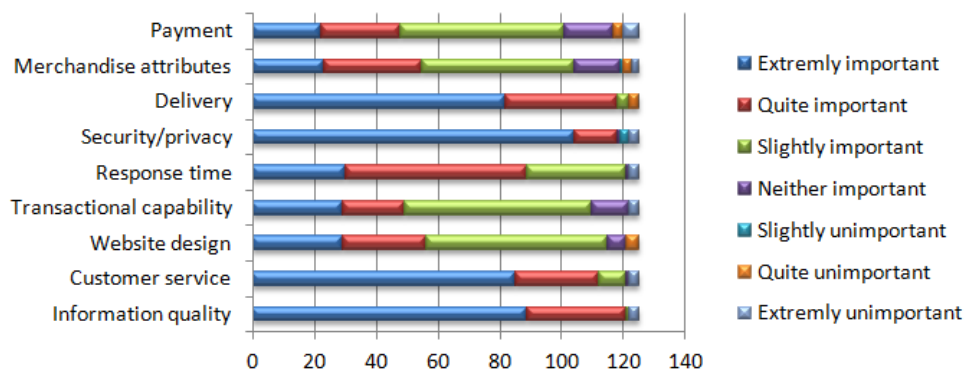


Fig. 5.4: Customer evaluation of importance for each attribute

In this case respondents were supposed to rank each of mentioned attributes from left Extremely important to Extremely unimportant. The Fig. 5.3 shows that respondents evaluated each of those attributes mostly as extremely, quite or slightly important. Only few respondents some of those attributes ranked as neither important and only negligible amount of respondents choose the options on the unimportant side.

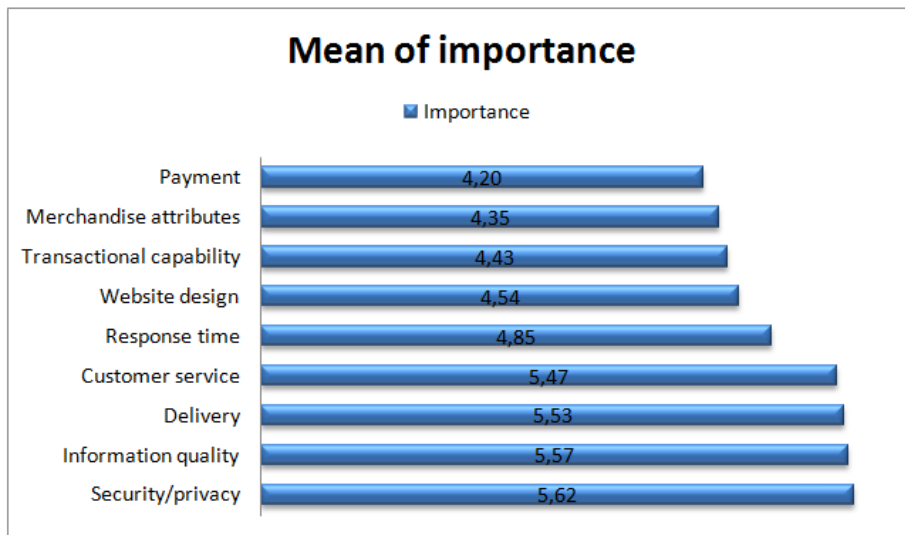


Fig. 5.5: Mean of evaluated importance by respondents of each attributes

To visualize which of those attributes was evaluated as the most important by customers there was created mean of values where as displayed in Fig. 5.5 and Fig. 5.4. the higher number on scale is the more important the certain attribute is for customers. So there can be derived that security and privacy, information quality, delivery and customer service are the most leading important attributes closely followed by response time and then all the rest. The little differences among the values of each attribute can be presented as for this thesis were chosen important and valuable attributes for customer satisfaction which still can be either confirmed or refute by analysis.

5.5 Analysis of Hypotheses

In following text will be examined correlations among all nine specified attributes and satisfaction by using Spearman's correlation coefficient. Each of those attributes was examined by asking numerous questions for each and to find which of those attributes are linked with customer satisfaction there was a need for all respondents to be also asked about how they evaluated their overall satisfaction.

5.6 Hypotheses

5.6.1 Hypothesis 1

In first hypothesis (Higher level of information quality will improve customer satisfaction in online group-buying) were considered numerous attributes which has fallen under information quality such as information accuracy, understandability, completeness and its relevancy. In case of questions about information quality there was value of Sig. 0,0 at all correlations which can lead to assumption there is correlation between information quality and information quality.

In questionnaire there were seven questions for evaluation of information quality (Info_1 – 7) and another four questions for satisfaction (Sat_1 – 4), full questions are written in Section 4 in Table 4.3.

		Sat 1	Sat 2	Sat 3	Sat 4
Info_1	Correlation Coefficient	,487	,483	,580	,458
	Sig.	,000	,000	,000	,000
Info_2	Correlation Coefficient	,464	,463	,532	,438
	Sig.	,000	,000	,000	,000
Info_3	Correlation Coefficient	,390	,385	,512	,356
	Sig.	,000	,000	,000	,000
Info_4	Correlation Coefficient	,332	,322	,475	,316
	Sig.	,000	,000	,000	,000
Info_5	Correlation Coefficient	,457	,470	,564	,449
	Sig.	,000	,000	,000	,000
Info_6	Correlation Coefficient	,445	,484	,630	,466
	Sig.	,000	,000	,000	,000
Info_7	Correlation Coefficient	,507	,510	,579	,459
	Sig.	,000	,000	,000	,000

Table 5.1: Spearman's Correlations

The one and only correlation value which belongs into “moderate” interval with 0,58 (the highest reached in this case) is in intersection of Info_1 and Sat_3.

There was defined modus of interval for Spearman correlation coefficient values, which might indicate how strong correlation between two attributes is in general instead of having numerous values from all questions. In this case modus is in “moderate” interval.

Range	Interval	Frequency	Modus
0 - 0,19	Very weak	0	
0,20 - 0,39	Weak	6	
0,40 - 0,59	Moderate	21	✓
0,60 - 0,79	Strong	1	
0,80 - 1,0	Very strong	0	

Table 5.2: Frequencies

5.6.2 Hypothesis 2

Hypothesis 2 (Good web site design will have a positive effect on online shopping customer satisfaction) deals with website design and includes factors such as website structure, navigation, colour combination and ease of use. In case of website design and customer satisfaction there were some correlations which had significance value higher than 0,05 which means there is no correlation and that is why those values were not used in any other analysis or for finding modus.

In questionnaire there were ten questions for evaluation of website design (Web_1 – 10) and another four questions for satisfaction (Sat_1 – 4), full questions are written in Section 4 in Table 4.3.

		Sat_1	Sat_2	Sat_3	Sat_4
Web_1	Correlation Coefficient	,317	,325	,441	,288
	Sig.	,000	,000	,000	,001
Web_2	Correlation Coefficient	,235	,235	,280	,193
	Sig.	,008	,008	,002	,031
Web_3	Correlation Coefficient	,146	,151	,286	,122
	Sig.	,103	,094	,001	,175
Web_4	Correlation Coefficient	,341	,332	,433	,331
	Sig.	,000	,000	,000	,000
Web_5	Correlation Coefficient	,333	,341	,419	,297
	Sig.	,000	,000	,000	,001
Web_6	Correlation Coefficient	,284	,356	,432	,300
	Sig.	,001	,000	,000	,001
Web_7	Correlation Coefficient	,393	,453	,472	,385
	Sig.	,000	,000	,000	,000
Web_8	Correlation Coefficient	,477	,522	,556	,449
	Sig.	,000	,000	,000	,000
Web_9	Correlation Coefficient	,352	,331	,368	,315
	Sig.	,000	,000	,000	,000
Web_10	Correlation Coefficient	,150	,147	,277	,142
	Sig.	,094	,103	,002	,113

Table 5.3: Spearman's Correlations

In Table 5.3 can be seen that the highest value of correlation coefficient is 0,556 (Web_8 and Sat_3) which belongs to moderate interval of strength of correlations although modulus of values of correlations in certain interval fits in "weak" interval which is displayed in Table 5.4.

Range	Interval	Frequency	Modus
0 - 0,19	Very weak	1	
0,20 - 0,39	Weak	23	✓
0,40 - 0,59	Moderate	10	
0,60 - 0,79	Strong	0	
0,80 - 1,0	Very strong	0	

Table 5.4: Frequencies

5.6.3 Hypothesis 3

This hypothesis was defined as: “Wider merchandise variety and low price will have a positive effect on online shopping customer satisfaction”. In this section were covered factors merchandise attributes such as price levels in comparison with other OGB websites and merchandise variety which means if customers feel like Groupon offers most of products and service customer could possible desire for example.

In case of this correlation there is sig. value 0,00 or very close to that as 0,006 (the highest) from which can be estimated that there is correlation between merchandise attribute and overall satisfaction.

In questionnaire there were 6 questions for evaluation of merchandise variety (Merch_1 – 6) and another four questions for satisfaction (Sat_1 – 4), full questions are written in Section 4 in Table 4.3.

Range	Interval	Frequency	Modus
0 - 0,19	Very weak	0	
0,20 - 0,39	Weak	18	✓
0,40 - 0,59	Moderate	6	
0,60 - 0,79	Strong	0	
0,80 - 1,0	Very strong	0	

Table 5.5: Spearman's Correlations

The highest value of correlation coefficient in Table 5.6 is 0,525 (Sat_3 and Merch_5) which again belongs to “moderate” strength of correlation coefficient. There was found modus in “weak” interval from Table 5.5.

		Sat_1	Sat_2	Sat_3	Sat_4
Merch_1	Correlation Coefficient	,400	,407	,395	,379
	Sig.	,000	,000	,000	,000
Merch_2	Correlation Coefficient	,349	,328	,245	,277
	Sig.	,000	,000	,006	,002
Merch_3	Correlation Coefficient	,297	,286	,269	,249
	Sig.	,001	,001	,002	,005
Merh_4	Correlation Coefficient	,385	,347	,367	,351
	Sig.	,000	,000	,000	,000
Merch_5	Correlation Coefficient	,495	,466	,525	,446
	Sig.	,000	,000	,000	,000
Merch_6	Correlation Coefficient	,334	,334	,319	,287
	Sig.	,000	,000	,000	,001

Table 5.6: Spearman's correlation

5.6.4 Hypothesis 4

Hypothesis 4 (Great transaction capability will have a positive effect on online shopping customer satisfaction) is focused on transaction capability such as if customers can complete all of their business processes via the website for example.

In Table 5.8 are displayed significance values which are in this very high up to 0,965 and only 2 values of significance are lower than 0,05 and only those two will be used for defining modulus.

In questionnaire there were 2 questions for evaluation of transaction capability (Trans_1 – 2) and another four questions for satisfaction (Sat_1 – 4), full questions are written in Section 4 in Table 4.3.

Range	Interval	Frequency	Modus
0 - 0,19	Very weak	1	✓
0,20 - 0,39	Weak	1	✓
0,40 - 0,59	Moderate	0	
0,60 - 0,79	Strong	0	
0,80 - 1,0	Very strong	0	

Table 5.7: Frequencies

The highest value of correlation which can be seen in 5.4 is 0,268 which will fit in “weak” interval together with modus which there will be two as there is left only two correlation coefficients and one modus will be in “very weak” and the other one in “weak” interval displayed in Table 5.7.

		Sat_1	Sat_2	Sat_3	Sat_4
Trans_1	Correlation Coefficient	,124	,136	,268	,179
	Sig.	,169	,129	,002	,045
Trans_2	Correlation Coefficient	,028	,004	,076	,035
	Sig.	,753	,965	,402	,700

Table 5.8: Spearman’s correlations

5.6.5 Hypothesis 5

Hypothesis 5 (Rapid response time will have a positive effect on online shopping customer satisfaction) if focuses on response time which means how fast website is, how quickly loads new page after clicking which determine how long customers need to wait until they view what they want to etc.

In case of response time correlation coefficient, there are all values very close to zero the highest is 0,009 from which we can derive that there is correlation between response time and satisfaction.

In questionnaire there were 2 questions for evaluation of response time (Resp_1 – 2) and another four questions for satisfaction (Sat_1 – 4), full questions are written in Section 4 in Table 4.3.

Range	Interval	Frequency	Modus
0 - 0,19	Very weak	0	
0,20 - 0,39	Weak	8	✓
0,40 - 0,59	Moderate	0	
0,60 - 0,79	Strong	0	
0,80 - 1,0	Very strong	0	

Table 5.9: Frequencies

Also for this attribute there was defined modus of values which most often in certain interval, in this case modus belongs to “weak” interval as all values of correlation fit in this interval displayed in table 5.9.

The highest Spearman’s correlation coefficient in Table 5.10 is situated in intersection of Resp_1 and Sat_1 with value of 0,346 which can be placed into “weak” interval of correlation coefficient.

		Sat_1	Sat_2	Sat_3	Sat_4
Resp_1	Correlation Coefficient	,346	,345	,301	,302
	Sig.	,000	,000	,001	,001
Resp_2	Correlation Coefficient	,252	,250	,233	,217
	Sig.	,005	,005	,009	,015

Table 5.10: Spearman’s correlation

5.6.6 Hypothesis 6

Another highly ranked attribute by customers was security/privacy on which was based sixth hypothesis of this research as follows: “Security/privacy will have a positive effect on online group-buying customer satisfaction”. In this hypothesis were included factors such as if customers feel safe or if website provides enough security features etc.

In case of significance values of security and privacy are all equal 0,00 from which can be estimated that there is correlation between two variables of compared data.

In questionnaire there were 4 questions for evaluation of transaction capability (Trans_1 – 4) and another four questions for satisfaction (Sat_1 – 4), full questions are written in Section 4 in Table 4.3.

		Sat_1	Sat_2	Sat_3	Sat_4
Sec_1	Correlation Coefficient	,549	,565	,573	,509
	Sig.	,000	,000	,000	,000
Sec_2	Correlation Coefficient	,488	,504	,604	,498
	Sig.	,000	,000	,000	,000
Sec_3	Correlation Coefficient	,606	,643	,669	,601
	Sig.	,000	,000	,000	,000
Sec_4	Correlation Coefficient	,597	,619	,627	,577
	Sig.	,000	,000	,000	,000

Table 5.11: Spearman's correlation

The highest correlation coefficient value in Table 5.11 is 0,669 at intersection of Sat_3 and Sec_3 which belongs to “strong” interval of correlation. Although there was defined modus of all values of correlations and that would fit into “moderate” interval (only one value difference from “strong” interval) which can be seen in Table 5.12.

Range	Interval	Frequency	Modus
0 - 0,19	Very weak	0	
0,20 - 0,39	Weak	0	
0,40 - 0,59	Moderate	9	✓
0,60 - 0,79	Strong	7	
0,80 - 1,0	Very strong	0	

Table 5.12: Frequencies

5.6.7 Hypothesis 7

Hypothesis 7 was written as follows: “A convenient payment mechanism will have a positive effect on online shopping customer satisfaction“ and focuses on payment options offered by Groupon.

In table 5.7 is displayed besides correlation coefficient also significance values which are all 0,00 from which can be estimated that there is certain level of correlation between attributes evaluated.

In questionnaire there were 2 questions for evaluation of transaction capability (Trans_1 – 2) and another four questions for satisfaction (Sat_1 – 4), full questions are written in Section 4 in Table 4.3.

		Sat_1	Sat_2	Sat_3	Sat_4
Pay_1	Correlation Coefficient	,339	,338	,323	,309
	Sig.	,000	,000	,000	,000
Pay_2	Correlation Coefficient	,390	,387	,386	,362
	Sig.	,000	,000	,000	,000

Table 5.13: Spearman's correlation

The highest value of Spearman's correlation coefficient in Table 5.13 is 0,39 (Sat_1 and Pay_2) which fit in “weak” interval together with modus of this attribute which also belong to “weak” interval with all values (Table 5.14).

Range	Interval	Frequency	Modus
0 - 0,19	Very weak	0	
0,20 - 0,39	Weak	8	✓
0,40 - 0,59	Moderate	0	
0,60 - 0,79	Strong	0	
0,80 - 1,0	Very strong	0	

Table 5.14: Frequencies

5.6.8 Hypothesis 8

Hypothesis 8 is defined as “Safe and rapid delivery will have a positive effect on online shopping customer satisfaction” including factors such as if correct product is shifted, well packed and delivered on time for example.

In questionnaire there were 4 questions for evaluation of transaction capability (Trans_1 – 4) and another four questions for satisfaction (Sat_1 – 4), full questions are written in Section 4 in Table 4.3.

		Sat_1	Sat_2	Sat_3	Sat_4
Del_1	Correlation Coefficient	,694	,702	,715	,683
	Sig.	,000	,000	,000	,000
Del_2	Correlation Coefficient	,835	,854	,796	,829
	Sig.	,000	,000	,000	,000
Del_3	Correlation Coefficient	,591	,584	,647	,582
	Sig.	,000	,000	,000	,000
Del_4	Correlation Coefficient	,836	,838	,784	,818
	Sig.	,000	,000	,000	,000

Table 5.15: Spearman's correlation

Also in this case significance displayed in 5.15 values are all equal with value 0,00 from which can be derived that there is correlation between delivery and satisfaction with the highest value 0,854 (Sat_2 and Del_2) which belongs to “very strong” interval, although modus was found out to be situated in “strong” interval (only with 1 value difference from “very strong” interval) displayed in Table 5.16.

Range	Interval	Frequency	Modus
0 - 0,19	Very weak	0	
0,20 - 0,39	Weak	0	
0,40 - 0,59	Moderate	3	
0,60 - 0,79	Strong	7	
0,80 - 1,0	Very strong	6	

Table 5.16: Frequencies

5.6.9 Hypothesis 9

Hypothesis 9 was established around customer service attribute such and includes factors of how personnel is willing to help etc. and was defined as “Higher level of customer service will result in greater satisfaction”.

		Sat_1	Sat_2	Sat_3	Sat_4
Service_1	Correlation Coefficient	,681	,658	,698	,654
	Sig.	,000	,000	,000	,000
Service_2	Correlation Coefficient	,620	,603	,658	,607
	Sig.	,000	,000	,000	,000
Service_3	Correlation Coefficient	,683	,680	,724	,684
	Sig.	,000	,000	,000	,000

Table 5.17: Spearman's correlation

As displayed in Table 5.17 all values of significance are 0,00 (there is correlation) with the highest value of correlation coefficient 0,724 (Sat_3 and Service_3) and defined modus of values in certain interval which both belong to “strong” interval of correlation.

Range	Interval	Frequency	Modus
0 - 0,19	Very weak	0	
0,20 - 0,39	Weak	0	
0,40 - 0,59	Moderate	0	
0,60 - 0,79	Strong	12	
0,80 - 1,0	Very strong	0	

Table 5.18: Frequencies

6 Suggestion and Recommendations

Hypotheses

Based on previous analysis of hypotheses by using Spearman's correlation coefficient followed by defining modus by interval was found out that modus in the highest interval which has become "strong" interval included two attributes and those are delivery and customer service. Another modus in second interval which is "moderate" interval includes security/privacy and information quality. The most contended interval was "weak" interval as it includes four attributes and those are: payment, response time, merchandise attributes and website design.

The idea was to compare evaluation of importance of those nine attributes by customers with actual results of analysis meaning to compare with modus defined by interval. Although, the modus with intervals is much more general in sense that there is more than one attribute in each interval in comparison with evaluation of importance by customer, where we can clearly see which of those attributes is evaluated as the most important and which one as the least important by customers. However, there still can be derived that customers evaluated importance of those attributes differently. Although they consider certain attributes as very important for them, the correlation of that attribute with satisfaction is not that significant. As was mentioned the intervals evaluated more generally so there can be said that in the extremes (the most important for customers + strongest interval and the least important + weakest interval) those two results do not complement each other, but the middle sections of both includes the same attributes.

Information Quality

First hypothesis states that high level of information quality on company's website will have positive influence on customer satisfaction. That information quality has significant positive effect on e-satisfaction and becomes one of e-satisfaction drivers which was proven by numerous studies (Bachleda (2014), Ponnusamy (2015), Lin (2011), Szymanski (2000), Ranganathan (2002)).

The highest correlation coefficient from questions including information quality attribute had this statement: “I believe Groupon website provides accurate information to potential customers like me”. This fact should indicate that Groupon should pay close attention to what information about their goods they put on their websites. Information should be accurate and also comprehensive enough for customers to decide based on those information only so they do not have the need to go to other websites to reach more detailed information and compare.

Security and Privacy

Another hypothesis supposes that optimistic perceptiveness of security and privacy can positively influence customer satisfaction. Importance of trust in security and privacy was examined by Lin, H. (2007) and proven as the most important factor for customer satisfaction. In contrast with Szymanski (2000) and Ranganathan (2002) who claim that financial security is important but does not belongs to the most important attributes affecting customer e-satisfaction.

In this thesis security and privacy took the first place in importance evaluated by customers and second modus interval in correlations. Statement from questionnaire in section with security/privacy with the highest correlation coefficient was “I feel I can trust Groupon website”. In online environment with high competition within market where many clones and fake websites with emails which require customer’s personal data and tracking their passwords is understandable that customers have need to feel secure with their online payments etc. That is Why Groupon should make sure that its security and privacy provisions are complete and more importantly to make sure that customers are aware of Groupon’s efforts to make it as secure and private as possible.

Delivery

This hypothesis states that delivery with its safety and speed has positive impact on online shopping experience. Roy Dholakia (2010) and Lin (2011) examined factors influencing customer e-satisfaction and delivery on time was found out to be the most

important attribute for customer satisfaction, which was supported in this thesis to some extent (delivery was one of two attributes with the highest values of correlations).

Online customers are more demanding and want their demands to be met correctly and quickly with high level of convenience which may be why respondents ranked delivery as one of the most important attributes. The statement with the highest correlation coefficient was this one: “You get what you ordered from Groupon website”. Why this statement happened to correlate the most is obvious as it is the base of delivery, to be delivered what was ordered and then consumers can start realize other problems linked with delivery (packaging etc.). After this Groupon should make sure that they employees will not make any mistakes in orders or any other stuff who can affect it during process.

Customer Services

This hypothesis claims that level of customer service will result in greater satisfaction. Customer service throw entire group buying process was defined as basic requirement and key attribute for customer online satisfaction (Ponnusamy (2015), Lin (2011), Zhang (2015)). These claims are supported in this thesis as customer service attribute was placed in the modus of highest interval and also evaluated by customers as fourth the most important.

There can be estimated, that after problematic delivery for example customers searched for help or any compensation and they experienced either great and helpful customer service or very low level or even lack of any customer service and from Groupon, which was supported by reading throw numerous reviews on Facebook Groupon page.

This should be very important attribute for Groupon to focus on, as it is known the power of positive word of mouth and nowadays when almost all communication with customers is online it is important to make sure that customers are treated in the best way possible.

Website Design

Hypothesis which included website design which has become one of the most discussed topics within online environment in last years was defined as: “Good web site design will have a positive effect on online shopping customer satisfaction“. This positive affect of web site design was examined by numerous studies (Lin, H. (2007), Evanschitzky (2004), Bachleda (2014), (Szymanski (2000), (Ranganathan (2002)).

Attribute of web site design did not reach any “extreme” position even after evaluation of customer or either correlation analysis, the reason for that could be that customers do not even realize the importance of web site design as Groupon is on the market for numerous years. Importance of website design would be maybe more appreciate in case where customers would have the option of comparing Groupon website with another website, so respondents could see the difference and realize their perception and final decision of choosing this particular website over the second one for its web site design.

All nine attributes around which were built hypotheses were proven to have certain correlation with customer online satisfaction, although there are some with more significant correlations and those were discusses above. The other ones still affect customer satisfaction, so it can be sad that all nine hypotheses were supported, although the correlation was not so significant. Only exception in this might be transaction capability as there could not be take in consideration its correlations coefficient because of wrong values in significance.

In addition, Groupon should pay attention to both attributes proven by correlations and also how customers evaluated importance of those attributes. Even though maybe they highly evaluated some of those attributes which did not prove to correlate significantly with customer satisfaction, customers will still pay attention to those attributes and that is why Groupon should take care also of those attributes.

7 Conclusion

The aim of this research paper was to identify which attributes has positive effect on online customer satisfaction and how important those attributes are for customers. Customer satisfaction is becoming one of the most examined aspects of online shopping market in general, because the level of competition at the market is getting higher. Especially because many business processes has shifted to online form. For this purpose were used both primary and secondary data. This thesis is divided into two main parts. Introductory part consists of characteristics of online group buying market, identifying the key players, different businesses model options which can be used and online trends which are important to follow for companies so they can keep up with competitors and give to customers what they want. This was followed by definition, comparison of traditional and online environment with its customer base and their features (which could either be different or be the same). Last but not least this part includes description of the way of viewing customer experience which was used in this research paper.

Second part is dedicated to results of this research questionnaire data collection and its further analysis. There were examined nine hypotheses and each of them is built around one certain attribute which is supposed to have significant positive influence on customer overall satisfaction. Those nine hypotheses might have been either supported or proven false. Respondents were asked to rank how important each of those attributes (included in hypothesis) are for them.

After respondent's evaluation of importance of each attribute where information quality, delivery, privacy/security and customer service were evaluated as the most important. After that there was applied Spearman's correlation coefficient on data collected which identified correlations between all those attributes and overall satisfaction.

There was also created five intervals of Spearman's correlation coefficient based on certain range of values. Based on those intervals there was defined modus of correlation coefficient values for each of attributes. Then the modus of all attributes was compared with results of customer's evaluation of attributes.

In this thesis were confirmed all nine hypothesis except for one. Even though at all attributes was proven some sort of correlation at some it was more significant.

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List of Abbreviation

C2B – Consumer to business

B2B2C – Business to business to customer

USA – United States of America

LA – Los Angeles

UK – United Kingdom

GPS – Global Positioning System

IPO – Initial public offering

OGB – Online Group Buying

Declaration of Utilization of Results from a Bachelor Thesis

Herewith I declare that

- I am informed that Act No. 121/2000 Coll. – the Copyright Act, in particular, Section 35 – Utilization of the Work as a Part of Civil and Religious Ceremonies, as a Part of School Performances and the Utilization of a School Work – and Section 60 – School Work, fully applies to my bachelor thesis;
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Ostrava dated 10. 6. 2016



Lucie Redlová

List of Appendices

Appendix A – Descriptive statistics

Appendix B – Questionnaire